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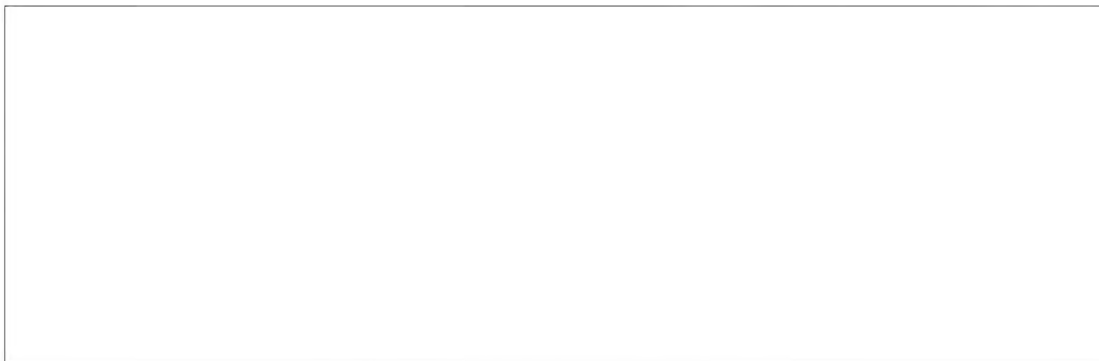
CENTRAL INTELLIGENCE AGENCY

State Dept. review completed

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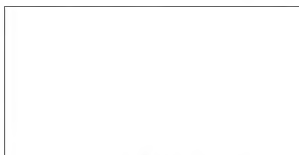
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NEAR EAST - AFRICA

3. Faure sees need for early Moroccan settlement:



In a friendly and outspoken discussion on Morocco on 1 August, French premier Faure told Ambassador Dillon that he accepts the fact that positive action with respect to the dynastic question cannot be long delayed. It was apparent to the ambassador that such action would be politically distasteful to the premier. Faure expressed confidence that enough deputies share his opinion that Marshal Juin's thesis of repression is hopeless to produce the support he needs for a new liberal policy.

A solution will depend on the recommendations forthcoming from Resident General Grandval in Morocco. He has warned the premier that almost the entire Moslem population of Morocco has rallied to the symbol of the deposed sultan Ben Youssef. The necessity for Ben Youssef's public approval of any settlement appeared to be a new idea to Faure, but "he seemed to take it in stride."

Comment: Much of Faure's parliamentary strength rests on influential elements of the former Laniel government, which deposed Ben Youssef in 1953, and they are exerting pressure on the premier to delay a decision on Morocco. The assembly's decisive vote on the Tunisian convention, however, and its willingness to forego a Moroccan debate at this time are encouraging the premier to deal with the Moroccan problem now.

Grandval is expected shortly to present a realistic report with positive suggestions for a policy acceptable, at least for the time being, to nationalist leaders.

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4. Indians seen backing Democratic Party in Cambodian elections:

25X1 [redacted] The Indian chairman of the International Control Commission for Cambodia is growing increasingly open in his support of the Communist-penetrated Democratic Party and the small Communist Party in the current election campaign, [redacted]

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[redacted] the Indians, with the ready assent of the Polish delegation, are going out of their way to protect the interests of the Democratic and Communist candidates. Instead of awaiting receipt of election complaints, the Indians and Poles are actively canvassing the country for evidence that electoral rights are being violated.

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Comment: India considers Cambodia to be within its sphere of influence and undoubtedly feels that its interests can best be served through a Democratic Party victory. There have been other indications of Indian sympathy and support for the Democratic Party. [redacted]

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5. Comment on Soviet announcement of planned earth satellite:

25X1 [redacted] The USSR has responded to publicity about the American plan for launching an earth satellite with an announcement that it intends to launch a satellite itself within eighteen months. The announcement was made on 2 August by Professors Leonid I. Sedov and Kyrill F. Ogorodnikov, Soviet delegates to the International Astronautical Congress in Copenhagen.

The USSR may well possess the capability to launch its first uninstrumented satellite in 1958 without interfering with its guided missile program. The satellite probably could be launched within eighteen months if no cost or effort were spared.

In view of the American offer to share information about the American project, the Soviet response may be directed at pressing the United States to make its project an international one in which the USSR would have an opportunity to participate. Khrushchev said on 1 August that the USSR would co-operate with the American satellite program "if it is in the interests of mankind." This remark, made at the Swiss national day reception, has not been reported in the Soviet press and radio. However, Moscow did broadcast on 2 August a factual account of the American announcement.

The quick response of the Soviet scientists in Copenhagen reflects Moscow's sensitivity to impressions of American superiority in scientific fields. The USSR has been eager to show that it has first-rate scientific and technical competence, and to emphasize its willingness to co-operate in international scientific projects. The Soviet approach to the question of earth satellites probably will be similar to its approach to the peaceful uses of atomic energy. In that field it has put on a show of willingness to co-operate and at the same time publicized its capability to develop its own program.

WEEKLY SUMMARY
(28 July - 3 August 1955)

THE FORMOSA STRAITS

**Report of the IAC Current Intelligence Group
for the Formosa Straits Problem**

1. The military situation has remained quiet.

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2. The remaining elements of the Chinese Nationalist 81st Division arrived at Quemoy on 1 August from Formosa. Nationalist garrisons on the offshore islands now represent about 35 percent of MDAP-supported units.

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3. The Chinese Communists in the past week have continued to assert that they hope to arrange negotiations with the United States on major matters. Chou En-lai said in his 30 July speech that Peiping will try to use the Geneva talks to "pave the way" for further negotiations with Washington, and on 1 August the official People's Daily called for "higher-level" meetings to follow the Geneva talks.

Chou in the 30 July speech reaffirmed Peiping's long-standing position on major substantive issues. Arguing that the basic question is the American "occupation" of Formosa and American "interference with the liberation" of Nationalist-held offshore islands, Chou reiterated that since there is no war between Communist China and the US there is no basis for a cease-fire, that the United States should withdraw its armed forces from the Formosa area, and that Peiping is prepared to arrange a "liberation" of Formosa through negotiations with "local authorities" on Formosa but is unequivocally opposed to any "two Chinas" concept.